

Domestic Fundamentals:

Market Outlook: Cotton market noticed mostly firm tone on Friday.

In The News: Cotton Corporation of India (CCI) invited bids to sell 11600 FP bales of cotton through e-auction on 13-Mar-2015. Variety offered majorly was BB (Bunny Brahma) followed by H-6 and Shankar-6.

Cotton Association of India revised the cotton output estimates downwardly for the country at 397 lakh bales which was earlier estimated at 400.25 lakh bales in December 2014. The cause of the fall in output is decline in production estimates for central region including Gujarat, Maharashtra and Madhya Pradesh. According to CAI cotton consumption would stand around 306 lakh bales this season compared to 300.68 lakh bales in 2013-14.

Cotton imports according to CAI latest estimates would be around 13 lakh bales this season, around 10.64% higher when compared to the imports of previous season which was 11.75 lakh bales.

India exported 1.70 lakh bales of cotton last week (02-08 Mar 2015), which was 2.34 lakh bales previous to last week (23 Feb-01 Mar 2015), according to the data compiled by IBIS. Imports on the other hand stood 0.16 lakh bales last week, which was 0.09 lakh bales previous to last week.

Cotton export from India is expected to rise in 2015-16. According to ICAC, cotton exports from India in 2015-16 would be around 1.41 million tons around 16.82% higher when compared to the export of current season which would be around 1.207 million tons.

According to the IBIS data, cumulative exports this season during the period of Oct'14-Feb'15 stood 32.2 lakh bales, around 58.05% lower when compared to the export during the same period last season, which was 76.7 lakh bales. Imports on the other hand recorded on the higher side during the initial months of the seasons. Cumulative Import for the period of Oct'14-Feb'15 remained 4.88 lakh bales which was 2.4 lakh bales in the previous season during the same period.

In this season, The Cotton Corporation of India (CCI) is likely to meet or even cross the record procurement figure of 2009, when it had purchased 89 lakh bales. CCI has so far procured more than 8 million bales, which is 20% of the total crop expected for the cotton year (October-September) 2014-15, exceeding its earlier target of 75 lakh bales. Meanwhile, sale operations of CCI have not picked up as anticipated and till date it has sold some 2.5 to 3 lakh bales. Procurement has slowed down in the last 15 days owing to reduced arrivals on the back of unseasonal rains. As against normal procurement of 2 lakh bales a day, CCI is now procuring some 1-1.5 lakh bales a day.

Cotton production in India could fall by 4.28 percent in the next season i.e. 2015-16 to 6.48 million tons compared to 6.77 million tons in the current season, said International Cotton Advisory Committee (ICAC).

Despite the lower output, cotton export from India is expected to rise in 2015-16. According to ICAC, cotton exports from India in 2015-16 would be around 1.41 million tons around 16.82% higher when compared to the export of current season which would be around 1.207 million tons. The causes of this significant change in Indian cotton exports are basically the fall in cotton production in China and the world, higher import demand from China and lower world ending stocks in 2015-16.

International Fundamentals:

According to USDA, cotton import on the global front would stand around 7.490 million tonnes this season slightly higher than 7.446 million tonnes what was estimated previous month. The reason for this upward change is increase in import demand from Bangladesh, Vietnam and Indonesia. No change in China imports projection is seen this month and the same would be around 1.589 million tones this season. Turkey cotton imports have been revised downwardly this month by USDA at 0.773 which was estimated at 0.784 million tones previous month.

Cotton output in Pakistan is estimated slightly higher this month by USDA at 2.286 million tones which was estimated 2.264 million tonnes a month ago. Considering the production of previous season, Pakistan would notice a escalation of 10.54% in cotton output this season as the country produced 2.07 million tones of cotton last year.

USDA in its latest world supply and demand report, estimated world cotton inventory to be around 23.96 million tonnes by the end of current season which was earlier estimated 23.914 million tonnes previous month. USDA has also lowered the China cotton consumption to 7.620 million tonnes this month which was earlier estimated 7.729 million tonnes previous month. Most active May contract on ICE settled at 60.87 cents/pound, the lowest since February 05, 2015.

Outlook

We expect domestic prices to remain range bound to firm in near term.

NCDEX Kapas Futures*: (Prices in Rs/20kg)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Apr-15	-0.5	769	769	762.5	764	2569	-3060	8310	-288
Spread	Apr-15								
Spot	44				--				--

(NB: Spread was done by taking avg. spot prices at Rajkot – B.T. Cotton market. Basis = Spot- Near Month Future)

*Updated at 5:00 pm on 13 March 2015

MCX Cotton Futures*: (Prices in Rs/170 kgs)

Contract	+/-	Open	High	Low	Close	Volume	Change	OI	Change
Mar-15	+60.00	14940	15020	14940	14990	660	-486	5013	113
Apr-15	+50.00	15190	15250	15180	15220	479	-299	4204	-37
May-15	+50.00	15400	15460	15400	15430	130	-121	1532	320
Jun-15	+100.00	15630	15650	15610	15640	30	-5	212	35
Spread	Mar-15	Apr-15	May-15	Jun-15	--				--
Spot	--								
Mar-15		-230							
Apr-15			-210						
May-15				-210					
Jun-15									
--									

(NB: Spread Basis = Spot- Near Month Future)

* Updated at 5:00 pm on 13 March 2015

DOMESTIC PRICES AND ARRIVALS
Cotton Prices at Key Spot Market:

Centre	Variety	Prices		Change
		13-Mar-15	12-Mar-15	
	Kapas	(Rs./Qtl)		
Amravati	Mech-1	4000	4000	Unch
Khandwa	Mech-1	4000	4000	Unch
Khargaon	Mech-1	4050	4050	Unch
	Kapas			
Mahesana(Kadi)	B.T. Cotton	4275	4100	175
Rajkot	B.T. Cotton	4040	4005	35
Patan	B.T. Cotton	4140	4125	15
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	4105	NA	-
Muktsar	B.T. Cotton	4200	4220	-20
Fazilika	B.T. Cotton	4190	4190	Unch
Bhiwani	B.T. Cotton	4200	4180	20
Adampur	B.T. Cotton	4135	4085	50
Fatehabad	B.T. Cotton	4100	4100	Unch
Dabwali	B.T. Cotton	4085	4000	85
Jind	B.T. Cotton	NA	4264	-
Uchana (Jind)	B.T. Cotton	4142	4070	72
Rawatsar (Hanumangarh)	B.T. Cotton	4135	4100	35
Hubli	B.T. Cotton	NA	4025	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	4150	4100	50
	Kapas			
Ahmedabad	Shankar-6	NA	4100	-
Gondal	Shankar-6	4025	4005	20
	Kapas			
Jamner (Jalgaon)	Medium Staple	3850	3850	Unch
Hathras	Desi		NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-
Raichur	H-44 Cotton	4050	4050	Unch
Guntur	Un-Ginned	4050	4050	Unch
Kurnool	Un-Ginned	4200	4250	-50
Krishna	Un-Ginned	4030	4050	-20
East Godavari	Un-Ginned	NA	4000	-

	Lint	Rs./Maund of 37.32kg each)		
Abohar	J-34	3430	3520	-90
Muktsar	J-34	3420	3405	15
Fazilika	J-34	3405	4190	-785
Bhatinda	J-34	3440	3420	20
Mansa	J-34	3410	3400	10
Sirsa	J-34	3345	3330	15
Sri-Ganganagar	J-34	3112	3102	10

Cotton Arrivals in Key Centers:

Centre	Variety	Arrivals (Qtl)		Change
		13-Mar-15	12-Mar-15	
Amravati	Mech-1	1200	1500	-300
Khandwa	Mech-1	NA	600	-
Khargaone	Mech-1	5000	6000	-1000
Mahesana(Kadi)	B.T. Cotton	30000	25000	5000
Rajkot	B.T. Cotton	1200	2200	-1000
Patan	B.T. Cotton	4365	6070	-1705
Deesa	B.T. Cotton	NA	NA	-
Dhrol	B.T. Cotton	192	NA	-
Fazilika	B.T. Cotton	200	300	-100
Muktsar	B.T. Cotton	85	102	-17
Bhiwani	B.T. Cotton	3000	2000	1000
Adampur	B.T. Cotton	510	340	170
Fatehabad	B.T. Cotton	450	500	-50
Dabwali	B.T. Cotton	100	250	-150
Jind	B.T. Cotton	153	153	Unch
Uchana (Jind)	B.T. Cotton	500	1000	-500
Rawatsar (Hanumangarh)	B.T. Cotton	50	60	-10
Hubli	B.T. Cotton	NA	170	-
Hathras	B.T. Cotton(US)	NA	NA	-
Hanumangarh	B.T. Cotton	200	500	-300
Ahmedabad	Shankar-6	NA	51000	-
Gondal	Shankar-6	690	542	148
Jamner (Jalgaon)	Medium Staple	950	989	-39
Hathras	Desi	NA	NA	-
Bijapur	Bunny	NA	NA	-
Hubli	D.C.H.	NA	NA	-

Raichur	H-44 Cotton	2602	1575	1027
Guntur	Un-Ginned	NA	NA	-
Kurnool	Un-Ginned	NA	7.2	-
Krishna	Un-Ginned	NA	NA	-
East Godavari	Un-Ginned	NA	NA	-
Abohar	J-34	680	680	Unch
Bhatinda	J-34	11900	11050	850
Mansa	J-34	510	425	85
Sirsa	J-34	850	850	Unch
Sri-Ganganagar	J-34	1700	1020	680

Cotton Association of India Spot Rates:

Trade Name	Staple	Micronaire	Strength/ GPT	Rs. Per Candy	Rs. Per Candy	Change
				12-Mar-15	11-Mar-15	
Bengal Deshi (RG)/Assam Comilla (101)	Below 22mm	5.0 - 7.0	15	30300	30300	Unch
Bengal Deshi (SG)(201)	Below 22mm	5.0 - 7.0	15	30800	30800	Unch
J-34(202)	26mm	3.5 - 4.9	23	31200	31100	100
H-4/ MECH-1(105)	28mm	3.5 - 4.9	27	30000	30000	Unch
Shankar-6(105)	29mm	3.5 - 4.9	28	30700	30700	Unch
Bunny/ Brahma(105)	31mm	3.5 - 4.9	30	33100	33100	Unch
MCU-5/ Surabhi(106)	32mm	3.3 - 4.9	31	34200	34200	Unch
DCH-32(107)	34mm	3.0 - 3.8	33	39200	39200	Unch

Cotton Seed Oil Prices
Refined Cotton Seed Oil at Key Centers:

Centre	Unit	Price		Change
		13-Mar-15	12-Mar-15	
Rajkot	Rs. /10 Kg.	550	545	5
New Delhi	Rs. /10 Kg.	555	555	Unch
Hyderabad	Rs. /10 Kg.	570	570	Unch
Mumbai	Rs. /10 Kg.	576	576	Unch

Cotton Oil Seed Cake Prices
Cotton Oil Seed Cake Prices at Key Centers:

Centre	Unit	Price		Change
		13-Mar-15	12-Mar-15	
Mahesana (Kadi)	Rs./Qtl	1576	1559	17
Akola	Rs./Qtl	1547	1537	10

INTERNATIONAL PRICES AND INDICES

China Cotton Index: As on 13/3/2015

Index	RMB/Ton	Change
CCIndex(328)	13466	-1
CCIndex(527)	12425	-1
CCIndex(229)	14185	-2

RMB - Renminbi, 1RMB = 0.16 \$U.S.

Cotlook Index: As on 12/3/2015

Cotlook Indices	Cents/Pound	Change
A-Index	67.25	-0.45

USDA Cotton Spot Rates: As on 12/3/2015

Growth Area	Leaf 4 to Staple 34	Leaf 3 to Staple 35	Arrivals
	cents/lb.		bales
Southeast	61.47	64.72	191
North Delta	60.47	63.22	NIL
South Delta	60.47	63.22	NIL
East TX-OK	57.00	59.25	2445
West Texas	57.00	59.25	1237
Desert SW	58.97	65.47	55
SJ Valley	59.97	69.87	NIL

Spot quotations are for cotton equal to the official standards, net weight, in mixed lots. Upland quotations are FOB car/truck, which includes compression and any brokerage charges. The upland base quality is color 41, leaf grade 4, staple 34 (1.05 to 1.07), mike 3.5, 3.6 and 4.3 to 4.9, strength 26.5 to 28.4 grams per Tex and uniformity 80.5 to 81.4

ICE Cotton Futures (Prices in cents/lb.): As on 12/3/2015

Contract	Open	High	Low	Close	Change
Mar-15	60.34	61.58	60.26	61.22	0.89
May-15	61.20	62.21	60.96	61.90	0.90
Jul-15	61.82	62.67	61.75	62.52	1.00
Oct-15	62.40	63.30	62.37	63.23	0.84
Dec-15	63.22	63.59	62.81	63.43	0.56
Mar-16	63.88	63.89	63.43	63.89	0.50

Pakistan Cotton Spot rates: As on 12/3/2015 (in Pakistan Rupees)

Product	Rate for	Ex-Gin Price	Up Country Sales	Spot Rate Karachi
Cotton	37.32 Kgs	5000	150	5150
Equivalent	40 Kgs	5358	160	5518

Disclaimer

The information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness and correctness. Use of data and information contained in this report is at your own risk. This document is not, and should not be construed as, an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such commodities (or investment). Please see the detailed disclaimer at © 2015 Indian Agribusiness Systems Pvt. Ltd.